FOREIGN AGRICULTURE

August 27, 1973

Record World Grain Crop Forecast

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. XI No. 35 August 27, 1973

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This week's cover:

West Malaysian worker harvests fruits from an older oil palm with a pole. In the background are younger, high yielding trees. Malaysia's palm oil output this year is forecast to gain 21 percent. See article beginning page 6.

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Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate: $20.00 domestic, $25.00 foreign; single copies 45 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

Forecasts Indicate Record World Grain Crop But Supplies To Remain Tight

AMPLE PRODUCTION incentives, combined with favorable weather, have laid the groundwork for an unprecedented leap in world grain production this fiscal year. Expansion is unlikely to be enough, however, to bring recovery in grain stocks, reduced during the past season as a result of widespread production shortfalls at a time of rising world demand.

Currently forecast at almost 900 million metric tons, the world grain crop in fiscal 1974 may be some 50 million tons above last year's and 30 million over the 1971 record. Providing the basis for this expansion have been high prices and strong demand for virtually all grains, which encouraged farmers to increase plantings and production inputs. To these have been added generally favorable weather and crop conditions in important producing areas, including South Asia—where monsoon rains have thus far been about normal—and the USSR.

The USSR, in fact, is staging an especially dramatic recovery in its grain production, with gains from last season's short crop expected to account for nearly half the growth in world production.

Major exporting countries also are coming up with some impressive results. U.S. output is forecast to rise about 12 million tons, and crops in other major exporters may be up some 10 million.

Elsewhere, Middle East production is expected to fall 2-3 million tons from the fiscal 1973 level, and crops in Western and Eastern Europe may be about equal to their 1972 records.

Partly because of large reduction in stocks during fiscal 1973, grain trade this year is expected to absorb all of the production increase.

Barring extraordinary late-season weather problems with spring grain crops, the USSR's wheat imports will probably decline sharply, but these may be largely offset by expanded wheat imports elsewhere and by some further gain in world import needs for feedgrains.

Foreign exporting countries, despite generally larger crops, will not be much better able to meet export demand than they were in fiscal 1973 because of their generally lower carry-in stocks. Moreover, an important part of the grain —especially feedgrains—is produced in the Southern Hemisphere and thus will not be a factor in the market until late this year and early next year.

Because of these generally unchanged conditions abroad, foreign demand for U.S. grain will remain at a high level in fiscal 1974. However, as in other exporters, lower carry-in stocks will have a restraining effect on U.S. sales.

U.S. wheat exports in fiscal 1974 are forecast at 30 million tons (1,100 million bu.) for a decline of over 4 million tons from fiscal 1973. Sales to the Soviet Union will fall sharply, in response to that country's improved crop, and shipments to Brazil may also be somewhat smaller. But these declines will be nearly made up by larger sales elsewhere. The People's Republic of China, for instance, will be taking over 3 million tons of U.S. wheat, or more than five times the level of last year. India is also taking a larger amount of U.S. wheat.

U.S. feedgrain exports in fiscal 1974 are expected to rise to an estimated 37 million metric tons despite stiffening competition from other exporters as the season progresses.

Among major U.S. competitors in the export market, **Canada** is looking forward to a near-record grain crop some 10 percent above last year's level.

Virtually all of the increase will be in wheat, whose production is forecast at 17 million tons, compared with 14.5 million last year. The gain may not be sufficient, however, to maintain Canadian wheat exports, which may decline slightly now that carry-in stocks have been greatly reduced.

Canadian feedgrain exports, largely barley, are projected to be about the same as in 1972-73.

The wheat crop in **Australia** is expected to improve dramatically from last season's disastrously low outturn, climb-

ing about three-fourths to some 11 million tons; however, this estimate is very tentative since planting has just recently been completed. Because very little of Australia's new crop will move into export this year, the country's wheat shipments will continue below normal in fiscal 1974, totaling around 6 million tons.

In **Argentina,** poor planting conditions have dashed wheat prospects, and a below-average wheat crop now appears likely. Forecasts place production at 5 million metric tons for a decline of some 2 million from last year. Wheat exports this season are projected at 3.1 million tons—the same as in fiscal 1973. But feedgrain exports are forecast to rise sharply to around 7.3 million tons from 5.1 million last year.

"Providing the basis for the bigger world crop have been high prices and strong demand for virtually all grains, which encouraged farmers to increase plantings and production inputs."

South Africa's corn production is seen recovering from last year's drought disaster, causing total feedgrain production to rebound to a projected 8 million tons from 4.8 million in fiscal 1973. However, because supplies for export will not be available until the spring of 1974, shipments this year are projected at only about 1 million tons, compared with 3.5 million in fiscal 1973.

Thailand's corn crop is forecast to reach a record 2.5 million tons in fiscal 1974. This should allow a sharp recovery in exports, to 2 million tons from the country's fiscal 1973 shipments of 600,000.

Among the importers, the **USSR** may achieve a record grain and pulse crop, estimated as of early August at 195 million tons, "gross" basis (about 162 million tons of usable grain). Excessive harvest time rains have been reported, but effect upon either quality, or outturn is not yet known.

"Net" Soviet production of wheat and coarse grains (rye, barley, oats, and corn) is forecast at about 150 million tons, contrasted with 127 million last year. Harvested area will be the largest since 1965, totaling about 311 million acres compared with 297 million in 1972.

Soviet usable wheat production is expected to reach 80 million tons for a gain of 11.4 million from 1972. Record yields are expected as a result of good soil moisture in most of the winter wheat belt.

Coarse grain output in 1973 is expected to reach a record 70 million tons (net basis). This is 11.6 million tons more than last year's crop and 7.9 million above the 1970 record.

Grain production in Western Europe is forecast at about 131 million metric tons—about equal to the record of the previous 2 years. However, expanded consumption needs are expected to boost imports in fiscal 1974. Net imports for the year currently are estimated at about 25 million metric tons, compared with about 21 million last year.

West European production of wheat is seen slipping slightly to about 50 million metric tons, mainly as a result of reduced acreage. Wheat imports are likely to increase some, especially to meet a smaller local supply of Durum.

Coarse grain production may show some increase in 1973. Area expansion would be mainly responsible for the gain. Rising needs may boost European imports of coarse grain by about 1 million tons, despite the improved domestic crop.

France is expected to harvest a record corn crop, over 2 million tons above the 1972 estimate. Owing in part to this forecast, West European net imports of corn this year may decline slightly. West Germany is also expected to have record grain production, possibly as much as one-fifth above the 1972 level. Although the United Kingdom was originally expected also to harvest record crops the revised estimate foresees a 300,000-ton reduction from the 1972 level of 15.0 million metric tons.

For wheat, larger EC Durum imports are in prospect as a result of lower production in Italy and France—two important producers in Western Europe. Italy, alone, may have 10 percent less Durum production than in 1972-73, despite favorable CAP (Common Agricultural Policy) treatment for Durum producers in the form of a minimum guaranteed price and a Durum subsidy.

Japan's grain imports in fiscal 1974 will total over 18.0 million tons, continuing the fiscal 1973 trend when imports climbed 10.5 percent to 16.8 million. Interest in building and maintaining grain stocks as reserves for periods of transportation strikes, short world supplies, and price fluctuations continues to be reflected in both total and forward purchases.

Japanese wheat imports may increase moderately to about 5.5 million tons. Feedgrain imports are expected to jump to 13.3 million tons in fiscal 1974, reflecting expanding Japanese feed requirements and lower feed use of rice. The Japanese rice production and stock reduction program, which since its beginning in 1971 has made 1.25-1.5 million tons of rice available for feed annually in recent years, will be ended March 31. In the meantime, only a nominal amount of rice will be available for feed this year.

"Among the importers, the USSR may achieve a record grain and pulse crop, estimated as of early August at 195 million tons, gross basis."

India—in the midst of a tight-supply situation precipitated by a grain production shortfall last year and procurement problems—can take some solace in the favorable moisture conditions so far for this year's fall crops. Monsoon rains began on schedule in June and the much-needed rainfall has allowed planting of autumn grains, mainly rice, to progress well. However, much still depends on how the monsoon performs through September, and India's supply situation will remain tight until harvest.

The Indian Government wheat procurement this spring reached only about 4.2 million metric tons against a target of 8.1 million.

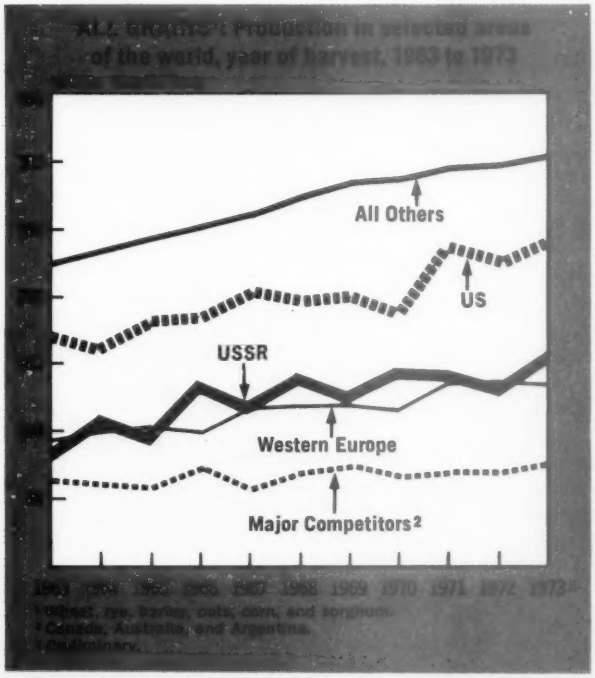
Because of this, plus relatively modest grain imports so far, Indian foodgrain consumption in 1973 may fall somewhat even though stocks have been reduced.

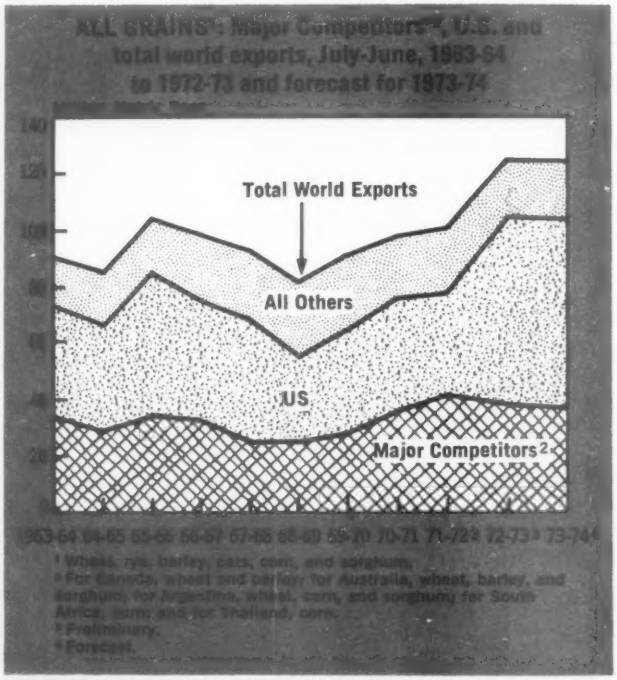
India has announced plans to import a further quantity of wheat and sorghum in addition to the 1.7 million tons purchased earlier in 1973 to meet immediate consumption requirements. However, it now looks as if these imports may not take place in view of recent price increases and the fact that

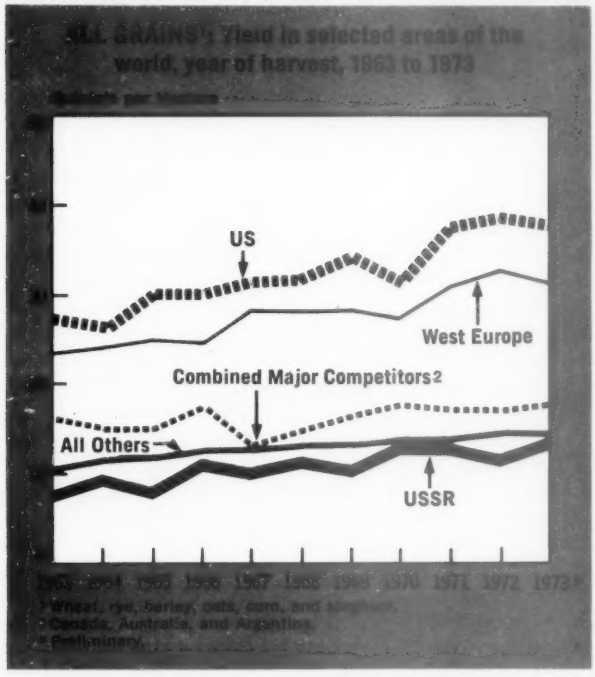
the grain would not arrive in time to assist with the most critical needs prior to the autumn harvest.

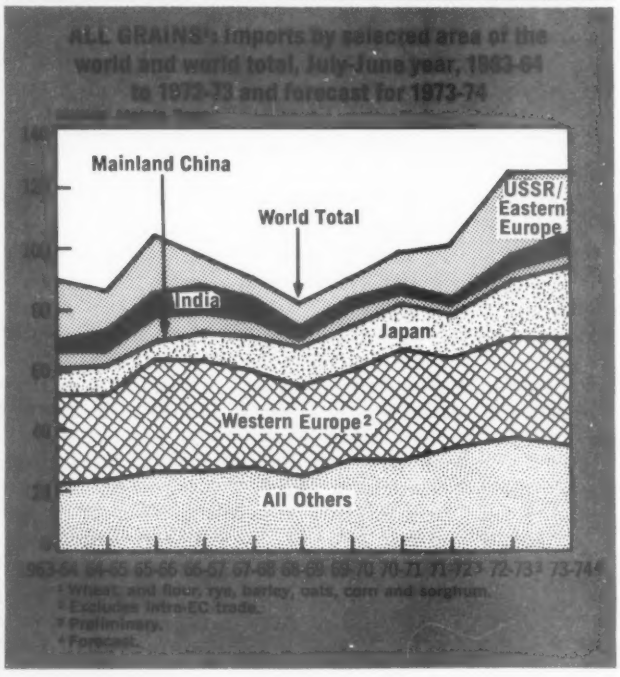
In the **People's Republic of China** (PRC), significant recovery is in prospect from last year's drought-reduced foodgrain crop of 215 million tons (includes miscellaneous grains and potatoes). In fact, final outturn could possibly reach the 1971 record output of 225 million tons.

Chinese production of wheat and coarse grains (barley, oats, and corn) could be several million tons higher than last year's level. Winter wheat area reportedly was expanded in several important regions this last autumn. While dryness in the winter and spring may have hampered development somewhat, total wheat output should be up slightly from 1972's estimated 25.9 million tons. According to the New China News Agency the early harvested grains are equal to last year's. The key to the grain crop, however, is the outturn of the late harvested grain crops, which









as of the first of August were reportedly developing well.

In fiscal 1973, Chinese grain imports reached 6.2 million metric tons. Even more significant, however, was the emergence of the United States as a major source of supply. During fiscal 1973, the United States shipped 591,000 tons of wheat and 827,000 of corn to the People's Republic of China.

These trade totals are expected to be increased further in fiscal 1974, despite the apparent improvement in Chinese grain production. Early-season purchasing by the PRC indicates that its imports in fiscal 1974 will probably exceed the 6.2 million tons imported last year by 1-2 million tons. Of this amount, some 3.5-4.0 million tons is expected to be U.S. wheat and approximately 1.0 million U.S. corn.

Precipitating the tight world grain supply this year were the dramatic changes that took place in 1972-73.

In the USSR, 1972 grain crops were reduced by both a severe winter and a drought the following summer. At the same time there was an apparent shift in policy which favored maintaining livestock numbers and consumer food supplies. As a result, USSR grain imports in 1972-73 rose by an unprecedented 12 million tons from 1971-72. Since exports of USSR wheat declined about 3 million tons during the same period, the net effect on world grain trade was about 15 million tons.

In Australia, drought reduced crops and lowered grain exports by over 4 million tons. Thailand's corn exports were down nearly 1 million tons, and Argentine and South African shipments of all grains barely held at the previous year's levels. Meanwhile, import demand was up in all major areas—Western Europe, Japan, the People's Republic of China, and others—with Eastern Europe the only major area taking less than in the previous year.

The net result was a whopping one-fifth increase of about 24 million tons in world grain exports in a single year. Since 1972 production in major exporting countries was below normal, it was only by virtue of a sharp stock drawdown, mainly by the United States, that this import demand could be met. The United States alone increased grain exports by 30 million tons, or 6 million more than the entire gain in world trade, thus covering not only the rise in total imports, but also large shortfalls by other exporting countries.

Free-Market Trial Set for Coffee As New Pact Is Hammered Out

By ALAN M. RIFFKIN
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Foreign Agricultural Service

A MAJOR TEST appears at hand for the world coffee market beginning September 30, 1973. The 1968 International Coffee Agreement (ICA) will expire then, and the market will be free of all import/export controls and restrictions for the first time in 10 years. Price and export control mechanisms contained in the Agreement were suspended on December 12, 1972.

While the current Agreement will probably be extended in skeleton form for 2 years, it will no longer contain the economic provisions of the 1962 and 1968 Agreements relating to export quotas and limitations, indicator prices and export/import control mechanisms (certificates of origin and re-export and Annex B regulations). Since the skeleton Agreement will not include Articles covering the Coffee Promotion and Diversification Funds, the World Coffee Promotion Committee will be dissolved and its Promotion Fund monies returned to contributing producer countries. No agreement has yet been reached on the dispensation of the Coffee Diversification Fund.

The extended International Coffee Agreement—which would be in effect from September 30, 1973, to September 30, 1975—still awaits approval of participating exporters and importers (see *Foreign Agriculture*, May 7, 1973). Once approved, it would call for the Executive Board of the International Coffee Organization to take steps to prepare a draft of a new International Coffee Agreement for Council consideration by December 31, 1974.

The approved extension would therefore be left as essentially a housekeeping pact—a center for compiling and disseminating market information, while world coffee interests are attempting to come up with another agreement to meet expected changing conditions. How those conditions are interpreted could make the difference between a new agreement with economic provisions and a return to the pre-Agreement era which was characterized by seesawing supplies and prices.

The Agreements are generally considered to have been fairly successful in preventing extreme price fluctuations, although they have not been immune from the effects of natural disasters like the Brazilian frost in 1966, 1969, and 1972.

Following 6 years of deficit production—due primarily to Brazilian policy decisions to cut back coffee plantings and periodic Brazilian frosts and droughts—the world's exportable coffee crops in 1971-72 and 1972-73 have been about in balance with world import demand. Overall stocks have declined from over 80 million bags (60 kg. each) in 1965-66—then nearly 2 years' supply—to about 40 million bags—enough, perhaps, for 7 or 8 months at the present time. Brazilian stocks alone had fallen from 66 million bags in 1965 to about 20 million by June 1973.

But while conditions in the world coffee market and attitudes of the member countries changed during the last 10 years, the Agreement remained essentially static, causing growing dissatisfaction. Exporters increasingly claimed that their market shares did not reflect present production and export realities and that prices, in real terms, had not kept pace with rising costs of production. At the same time, they became less concerned with the surplus problem, since supply and demand had reached an approximate balance and stocks had declined substantially. The importers, in turn, became more concerned about the rate of inflation and the need to prevent excessively high retail coffee prices.

During the past few years, in particular, the ability of the ICA to stabilize the world coffee market has been severely tested. In March 1970, when prices were high, proposals by the consumer members to increase quotas failed to gain the approval of the International Coffee Council. Later in August 1970 the producer members became upset by the very large initial

Continued on page 16

Malaysia's Palm Oil Output and Trade Continue Dramatic Climb

By E. WAYNE DENNEY
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WEST MALAYSIA—the world's top palm oil producer and exporter—appears headed toward another production record this year, as first-quarter 1973 output at 150,316 metric tons zoomed 28 percent above the comparable 1972 outturn. Total palm oil production for 1973 is forecast at nearly 825,000 tons, 21 percent over last year's impressive output, with the vast majority—an expected 800,000 tons—destined for export channels.

These giant production rises were not unexpected, however, considering that Malaysia's palm oil output has gained an average of 25 percent a year since the industry gained a firm hold in 1965. Actually, production growth has slackened somewhat, as 1972's output—659,000 tons—increased only 20 percent over the 1971 level. Although a record 622,180 tons was exported last year, the 86,900-ton increase was far less than the 162,100-ton gain registered in 1971, reflecting drought-reduced output, together with some growth in stocks.

In contrast to the 16-percent jump in exports last year, prices for Malaysian palm oil on world markets dipped sharply, averaging 16 percent below 1971 prices. Price declines more than offset the quantity increase, dropping the value of palm oil exports from $117.5 million in 1971 to $114.5 million in 1972. The decline would have been greater, except for a price rise during the year's last quarter. Prices have remained strong into 1973.

Although palm oil accounts for less than 7-8 percent of world fats and oils production, a proportionately higher share is traded on world markets. Malaysia is able to market increasing quantities of palm oil internationally, since price and quality currently compare favorably with competitive products. Oil palm products—palm oil and palm kernel oil—are sold worldwide for use in margarine and other food products, soap, and certain paints and lubricants.

Singapore remains Malaysia's largest market for palm oil, taking nearly one-third—most for re-export. As Malaysia further develops its shipping industry, however, Singapore will receive a smaller share and more will be shipped directly from Malaysian ports.

The United Kingdom, the United States, the Netherlands, and Iraq were other principal purchasers in 1972. In 1972, U.S. purchases totaled nearly 86,000 tons, valued at $15.3 million, nearly 20,000 tons more than were purchased for about the same price in 1971. In percentage terms, West Germany was the fastest growing market in 1972, taking nearly 33,000 tons, compared to 20,000 tons the previous year. The Netherlands, already a major buyer, also expanded purchases.

WEST MALAYSIA'S PALM OIL EXPORTS
[In 1,000 metric tons]

Destination	1969	1970	1971	1972
Singapore[1]	98.2	127.0	183.0	201.3
United Kingdom	61.6	80.2	84.9	88.5
United States	30.5	19.9	66.5	85.8
Iraq	63.8	63.2	78.7	69.9
Netherlands	26.2	30.9	49.1	64.3
West Germany	2.3	6.7	20.1	33.0
Canada	14.0	11.9	15.4	18.7
Italy	6.7	4.7	6.2	8.8
Sweden	2.5	4.3	9.7	7.3
Australia	3.4	5.1	7.1	7.0
Other	21.6	19.3	14.6	37.6
Total	330.8	373.2	535.3	622.2

[1] Largely transshipped to other destinations.

Most of West Malaysia's higher production resulted from area expansion, but yields have also edged up. In recent years, the thin-shelled Tenera oil palm variety has been used more widely, displacing the traditional Dura and Pisifera varieties. The Tenera has a thicker pericarp, thus yielding more oil.

The advance in oil palm area during the past few years has occurred largely on private estates and Government-sponsored schemes under the Federal Land Development Authority (FLDA). Oil palm area reached a record 873,000 acres in 1972, surpassing the previous high by over 13 percent. Future area expansion will depend on official encouragement of long-term crop diversification.

FLDA activities, combined with State Government programs, are expected to boost plantings by more than 86,485 acres a year through 1975. Much expansion will occur on the rigidly controlled FLDA schemes, assuring higher yields from future harvests. Increased plantings from estates and private individuals will account for another 99,000 acres or more per year. If oil palm area expands as planned, total area by 1975 could reach 1,482,600 acres, and production in 1980 could

Artificial pollination of oil palms in West Malaysia encourages new fruit growth. New high-yielding oil palm varieties are bolstering production, although most of the spectacular output gain is due to area expansion.

triple the 1972 production level.

Some 60 percent of the area currently planted consists of fruit-bearing trees, with the remainder slated to come into production during the next 1-4 years. The percentage of area in mature trees rose slightly in 1972, since the rate of new tree plantings has slowed somewhat in recent years. In the short-term, the lower planting rate will increase average yields, since the oil palm normally has rather low yields during its first or 2 or 3 harvests. Oil palm yields normally increase for each of the first 10 years, are at a maximum from the 10th to 20th year, and decrease from the 20th year until replacement 6-8 years later.

Paralleling expanded palm oil output, production of palm kernels—also a major source of oil—reached almost 137,000 tons in 1972. Palm kernel exports, however, were negligible in 1972, owing to the establishment of four crushing mills to produce oil for domestic consumption and export. Over 20,000 tons of palm kernel oil was consumed domestically in 1972, nearly double the 1970 level.

To keep processing mills at capacity, Malaysia imported some 12,000 tons of palm kernels from Indonesia last year, a need that is expected to lessen as palm kernel production expands.

Palm kernels processed by the new mills enabled Malaysia to swell palm kernel oil exports to 49,400 tons in 1972 from 4,000 tons in 1971, generating substantial export earnings. The value of palm kernel oil exports in 1972 was $10.7 million, compared with a combined export value of only $3.2 million for palm kernels and palm kernel oil in 1971. While much of the increase was due to greater export availability, it also reflects the higher unit value of palm kernel oil exports.

Malaysia's biggest concern regarding the future of the oil palm industry is not the capacity to produce more, but the ability to sell increasing quantities without substantial price declines. Until now, merchandising the expanding quantities of palm oil has not been a problem. The higher level of palm oil exports expected during the late 1970's, however, suggests that palm oil must improve its competitive position to prevent price declines.

The Government is making a concerted effort to further strengthen the industry. Increased domestic utilization is providing an important outlet for the product. Research aimed at expanding industrial uses of palm oil should improve product versatility. If research efforts are successful, Malaysia's burgeoning palm oil industry will be better prepared to meet keen competition from other oils in world trade in the decisive years ahead.

WEST MALAYSIA: PALM OIL SUPPLY AND DISTRIBUTION, 1969-73
[In 1,000 metric tons]

Item	1969	1970	1971	1972	1973[1]
Opening stocks	25	14	36	44	66
Production	326	403	551	659	825
Imports	—	2	4	—	—
Total supply	351	419	591	703	891
Exports	331	373	535	622	800
Apparent domestic dissappearance	6	10	12	15	21
Closing stocks	14	36	44	66	70
Total distribution	351	419	591	703	891

[1] Forecast. Source: Oil Palm Monthly Statistics of Malaysia and FAS forecasts.

Palm fruits from young tree, left, will be crushed in new West Malaysian mills, providing higher quantities of palm kernel oil for domestic use and export. Above, harvested fruits are unloaded prior to processing. Fruits will be sterilized under pressure to prevent free fatty acid build-up.

Can the World's Food Production Keep Up With Population Growth?

By ANDREW J. MAIR
Coordinator
Office of Food for Peace
U.S. Agency for International Development

"Without an eventual reduction in the rate of growth of world population there can be no long-run solutions to the world food problem. While we believe that production can keep up with consumption at least through the next few decades, a look at population trends suggests the sobering thought we may enter a situation where agricultural solutions are not possible."

U.S. Department of Agriculture economists are cautiously optimistic about the world food situation for the next decade or so. We are still feeling the effects of weather-induced shortfalls in production last year in the Soviet Union, India, Southeast Asia, Australia, and other areas, but the information we now have gives hope that the world is resuming the long-term upward trend in agricultural production.

The record indicates that there is a lot of stability in the long-run trends in food and grain production. For the world as a whole and even for the poor countries as a group, the production of food per capita has shown a rising trend. Since 1954, per capita food production in developed countries has increased about 1.5 percent annually, while the less developed regions experienced less than one-half of 1 percent increase. Actually, the less developed countries expanded food production at about the same rate as the developed countries, but the very rapid pace of population growth mitigated gains.

Our current forecast for the 1973-74 crop year indicates not only a recovery of world wheat and feedgrain crops throughout the world, but a record level, which about matches the increase in world population since 1971-72. (See world grain prospects, page 2). World rice production is expected to show a substantial recovery, but not so impressive as that of wheat and feedgrains. The increase in production of oilseeds and meals in calendar 1974 (from the 1973 U.S. and 1974 Brazilian harvests) may be nearly four times the very substantial increase in production reported in 1973. There should also be an improvement in meat supplies, although buoyant demand will probably continue to exert pressure on world prices through most of the year.

It is possible that localized and even regional shortages will occur as a result of severe weather conditions, civil strife, or disruptions of transportation and distribution systems.

On what do we base this "cautiously optimistic" forecast? We base it in good part on the performance of American farmers who surmounted considerable barriers in the form of wet weather and fuel and fertilizer shortages to plant 25 million more acres this year than last to foodgrains, feedgrains, and soybeans.

Record crops are projected for soybeans, wheat, and corn: Soybeans up 24 percent to 1.54 billion bushels from last year, wheat up 13 percent to 1.75 billion bushels, and corn up 6 percent to 5.66 billion bushels. A record rice crop also seems likely thanks to a 21-percent increase in our acreage allotments, although poor weather which delayed plantings will hold production below earlier expectations.

Because stocks were drawn down last year and the rest of the world will be seeking large quantities of our commodities to build up depleted stocks and to satisfy their food demands, very little buildup in carryover stocks is likely next summer. We must caution that these projections are estimates based on current trends for yields.

Secretary Butz has announced that there will be no Government set-aside of land in 1974 for feedgrains, soybeans, wheat, and cotton. This will make approximately 19 million additional acres available for production in the United States in 1974. The Secretary has pledged that we will do all we can to get a head start on next year's farm production plans and has asked the support of the entire agricultural, agribusiness, and Government sectors to help American farmers in this all-out production effort.

Turning to the Soviet Union, based upon July 1 conditions we think total gross grain production in 1973 should reach a new high of 195 million tons (including 95 million tons of wheat). This estimate takes into consideration recently reported difficulties for wheat resulting from lodging caused by rains during the harvest. The same rains should favor growing conditions for corn. We anticipate that Soviet grain imports will be down sharply from 1972-73, but will still be substantial.

In China, as of the middle of July, soil moisture conditions appear to be more favorable than last year, and reports of drought conditions appear to be restricted for the most part to areas of marginal agricultural importance. Reports suggest a good harvest for early harvested rice, and early summer rains in the major winter wheat area would seem to insure a good crop, equaling or surpassing last year's crop estimated at a record 26 million tons.

Canadian spring plantings were delayed by rains, causing some diversion of land from wheat to barley and rapeseed, but crop conditions have been good since then. Wheat production may be at least 3 million tons more than the 14.5 million tons harvested in 1972, and barley production should be about the same as last year.

The 1973 Western European grain harvest will probably about equal the 133 million tons harvested in 1972, with a small decline in wheat production expected to be offset by an increase in feedgrain output. Winter grains enjoyed a dry, mild winter with below normal winterkill, but soil moisture in early spring was less than

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Adapted from a statement by Mr. Mair July 31, 1973, before the House Foreign Affairs Subcommittee on Africa and on International Organizations and Movements. Mr. Mair was then Deputy Assistant Secretary for International Affairs and Commodity Programs, USDA.

seasonally normal levels.

In the southern hemisphere, the breaking of the drought in Australia gives prospects for a sharp increase in grain output—particularly barley, oats, and sorghum—assuming continued normal rainfall. Wheat output could be as much as 70 percent more than the poor 1972 crop of 6.4 million tons.

The Argentine wheat harvest will probably be between 5 and 6 million tons this year, down about 2 million tons from 1972. Restrictions on the wheat price set for farmers, delays in plantings because of wet weather, and a return to more normal yields are responsible for the expected decrease.

Meat exports throughout the year should be up in both countries, although good pasture conditions and expectations of continued strong prices could restrict the increase in Argentina.

Throughout Asia the monsoon is again particularly critical for those countries heavily dependent upon rice. So far though, the reports from India are optimistic where rice and feedgrains were hard hit by drought in 1972. China, Pakistan, and the United States are expected to have greater quantities of rice available for export when the new crops come in, but the supply situation will remain tight as consumption continues to rise more sharply than production.

THIS DOES NOT mean, however, that the Green Revolution is dead. According to one estimate, India's low grain output last year would have been 15 to 20 percent lower in the absence of high-yielding varieties, fertilizer, irrigation, and the whole package of improved technology.

While we will never live to see the long run if we do not cope successfully with the short run, I think it is important to view the current situation in the perspective of what our analysis sugggests about the more distant future.

What are world agricultural production, consumption, and trade likely to be in 1980 . . . keeping in mind the difficulties inherent in predicting long-range weather, governments' policies with respect to agricultural production and trade, the rates of development and spread of new technologies, the changes in growth rates for population and income, and the effect of increased incomes on the demand for food.

USDA projections suggest that under normal weather conditions the world's capacity for production of cereals will increase faster than consumption and that there should be a rebuilding of wheat stocks, downward pressure on prices, and possibly programs to restrict production in the major exporting countries. These projections assume average conditions, which cancel out both unusually poor or good years.

The consumption and trade of wheat and rice should grow less rapidly than coarse grains because of the growing need for feed for livestock and poultry.

The projections suggest that countries in the developed and in the centrally-planned parts of the world will continue to be the major producers and con-

Continued on page 16

WORLD AGRICULTURAL PRODUCTION, 1963-72
(1961-65=100)

Year	Total Agricultural Production			Agricultural Production Per Capita		
	World[1]	Developed countries[2]	Less-developed countries[3]	World[1]	Developed countries[2]	Less-developed countries[3]
1963	100	99	101	100	99	101
1964	103	104	103	101	103	101
1965	104	104	104	100	102	99
1966	108	110	105	102	106	97
1967	112	113	110	104	108	100
1968	116	117	114	105	111	101
1969	117	116	119	104	109	102
1970	120	118	123	105	110	103
1971	124	123	126	107	113	103
1972	123	123	124	104	112	99

[1] Excludes Communist Asia. [2] North America, Europe, USSR, Japan, Republic of South Africa, Australia, and New Zealand. [3] Latin America, Asia (except Japan and Communist Asia), Africa (except Republic of South Africa).

WORLD PRODUCTION, CONSUMPTION, AND NET TRADE OF GRAIN, 1964-66 AND 1969-71 WITH PROJECTIONS FOR 1980[1]
[In million metric tons]

Commodity and item	Developed countries[2]			Central plan countries[3]			Developing countries[4]			World		
	1964-66	1969-71	1980	1964-66	1969-71	1980	1964-66	1969-71	1980	1964-66	1969-71	1980
Wheat												
Production	109.1	112.2	130.8	122.8	142.7	176.3	47.2	63.0	91.1	279.1	317.9	398.2
Consumption	78.7	87.8	96.2	136.9	147.1	181.3	66.1	82.7	120.4	281.7	317.6	397.9
Net trade[5]	32.9	29.2	34.3	−14.1	−4.4	−5.0	−17.8	−21.8	−29.3	+1.0	+3.0	0
Coarse grains												
Production	222.2	274.4	349.0	163.1	194.5	243.5	108.0	123.5	160.1	493.3	592.4	752.6
Consumption	235.9	272.7	339.7	163.1	198.0	246.5	103.1	118.2	163.7	502.1	588.9	749.9
Net trade[5] (Low)	−3.4	−.9	6.7	0	−3.5	−3.0	4.9	5.9	−3.6	1.5	1.5	.1
(High)	..	..	19.5	..	..	−12.0	..	..	−7.5	..	..	0
Milled rice[6]												
Production	15.0	16.7	15.5	64.4	63.8	78.2	93.0	114.2	155.4	172.4	194.7	249.1
Consumption	14.3	13.7	13.8	64.0	63.5	77.5	94.3	116.4	157.7	172.6	193.6	249.0
Net Trade[5]	.4	1.8	1.7	.4	.3	.7	−1.1	−2.1	−2.3	−.3	0	.1
Total grains												
Production	346.3	403.3	495.3	350.3	401.0	498.0	248.2	300.7	406.6	944.8	1,105.0	1,399.9
Consumption	328.9	374.2	449.7	364.0	408.6	505.3	263.5	317.3	441.8	956.4	1,100.1	1,396.8
Net trade[5][7]	29.9	30.1	42.7	−13.7	−7.6	−7.3	−14.0	−18.0	−35.2	2.2	4.5	0.2

[1] Preliminary projections, minus indicates net imports. [2] Includes United States, Canada, Western Europe, Japan, Australia, New Zealand, and South Africa. [3] Includes Eastern Europe, USSR, and the People's Republic of China. [4] Includes rest of world. [5] Some regions do not balance because of stocks. [6] 1969-71 column is an average centered on 1969. [7] Low net trade alternative.

World Prices Push U.S. Farm Imports to New High in 1973

By THOMAS A. WARDEN
Foreign Demand and Competition Division
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SPURRED BY high world prices, U.S. farm imports reached a record level of $7.3 billion in fiscal 1973. Despite this 21-percent increase over the previous year, a 60-percent increase in U.S. exports to $12.9 billion boosted the favorable U.S. agricultural trade balance to a new high of $5.6 billion.

While total import value was up 21 percent from the $6 billion in 1971-72, volume was about 6 percent above a year earlier. Shortages in foreign supplies and upward foreign currency revaluations contributed to the higher commodity prices. Bad weather cut back U.S. crop and livestock production, thus attracting more imports. New import records were established for a number of commodities, including meat, dairy products, fruits, vegetables, edible nuts, wines, and bananas.

Last year most countries shared in the growing U.S. market for farm commodities. In fiscal 1973, Mexico moved ahead of Brazil for the first time by shipping more than $700 million worth. Countries showing the largest gains included Colombia, the Dominican Republic, Central America, Canada, Australia, New Zealand, Indonesia, as well as the original European Community (EC) members (France, the Netherlands, Italy, West Germany, and Belgium-Luxembourg). Although the United States is the second largest importer of agricultural products behind West Germany, per capita imports are substantially less than those of most other developed countries.

Competitive agricultural imports advanced 19 percent to nearly $4.7 billion, with about three-fifths of the increase stemming from higher prices due to currency revaluations relative to the U.S. dollar and the balance from additional demand. Sharply higher prices were paid for feeder cattle, beef, pork, apparel wool, and hides. Import unit values for feeder cattle were 31 percent above year earlier levels, averaging $142 per head in 1972-73, compared with $109 the previous year. Fresh-frozen boneless beef, a major import item, averaged 63 cents per pound, against 54 cents in 1971-72. Canned hams and shoulders were 97 cents per pound, compared with 83 cents a year earlier. Average import unit values for sheep and lamb skins jumped to $1.30 per pound from 87 cents; apparel wools averaged 87 cents per pound (greasy basis), against only 50 cents in 1971-72.

Volume gains in fiscal 1973's competitive farm product imports resulted from additional demand due to domestic shortage of meat, dairy products, fruits, and vegetables as bad weather damaged or delayed production prospects for these commodities. Record levels in disposable incomes also tended to raise imports of certain specialty items such as wines, edible nuts, and mushrooms.

Turning coffee beans to assure thorough drying before milling for export. U.S. coffee imports in fiscal 1973 exceeded levels of recent years.

Dutiable cattle entries totaled 1.2 million head, compared with 1 million in 1971-72. Value, however, jumped 50 percent to $185 million. In May 1973, export restrictions imposed by Mexico, the principal supplier, held down large import increases during the final weeks of the year.

Meat imports responded to strong U.S. demand by rising 8 percent and grossing more than 2 billion pounds. Higher prices raised value by 24 percent to nearly $1.4 billion. Fresh-chilled frozen beef volume advanced 15 percent to 1.36 billion pounds, while value moved up 35 percent to $865 million. Principal suppliers included Australia, New Zealand, and Central America. Voluntary restraint programs on fresh-chilled or frozen beef, veal, and mutton imports were relaxed in March 1972 and suspended since June 1972.

Larger import quotas for dairy products resulted in substantially higher inflows. Their value rose 39 percent over 1971-72 to $195 million. Quotas for certain cow's milk cheeses were temporarily increased by 50 percent in March 1973 pushing cheese import volume for 1972-73 to 192 million pounds, compared with 148 million pounds a year earlier. Nonfat dry milk quotas were relaxed in December 1972 and again in May 1973, thus swelling fiscal 1973 imports to 84.4 million pounds ($26.4 million). This compares with 1.4 million pounds ($316,000) imported by the United States in 1971-72. Most of the additional dairy imports came from Canada and Western Europe.

FRUIT AND VEGETABLE imports in 1972-73 totaled $615 million, 24 percent above last year. Vegetable purchases grew from $329 million in 1971-72 to $409 million, led by cucumbers, eggplant, garlic, onions, peppers, squash, tomatoes, olives, and canned mushrooms. Fruit imports rose from $168 million the previous year to $206 million, primarily due to increases for apples, pears, berries, grapefruit, oranges, raisins, and grape juice. Most fresh fruits and vegetables entered from Mexico.

Table wine imports jumped 38 percent in fiscal 1973 to 43 million gallons as consumption increased rapidly. Largely due to this surge in demand, prices also increased by 48 percent to $190 million in 1972-73 from $128 million. Portugal, Spain, and Italy accounted for most of the added volume.

Nut imports—lead by Brazils, cashews, and pistachios—moved up 19 percent in value to nearly $134 million.

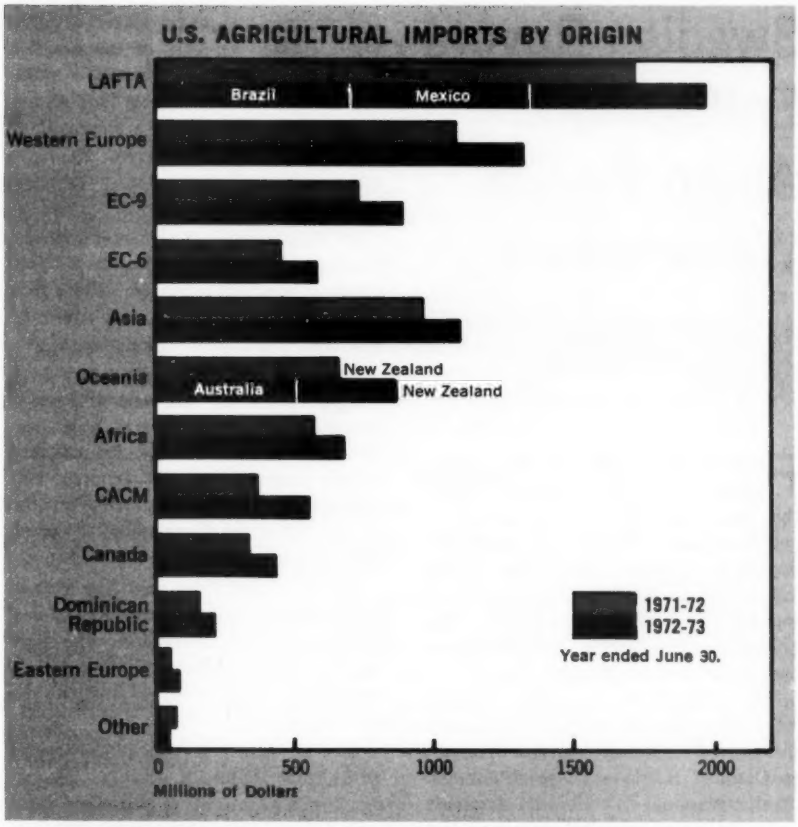
Imports of grains and preparations exceeded $104 million in fiscal 1973, up one-fourth over the $83 million for the previous year. Barley, wheat gluten, and prepared grain products accounted for most of the gain.

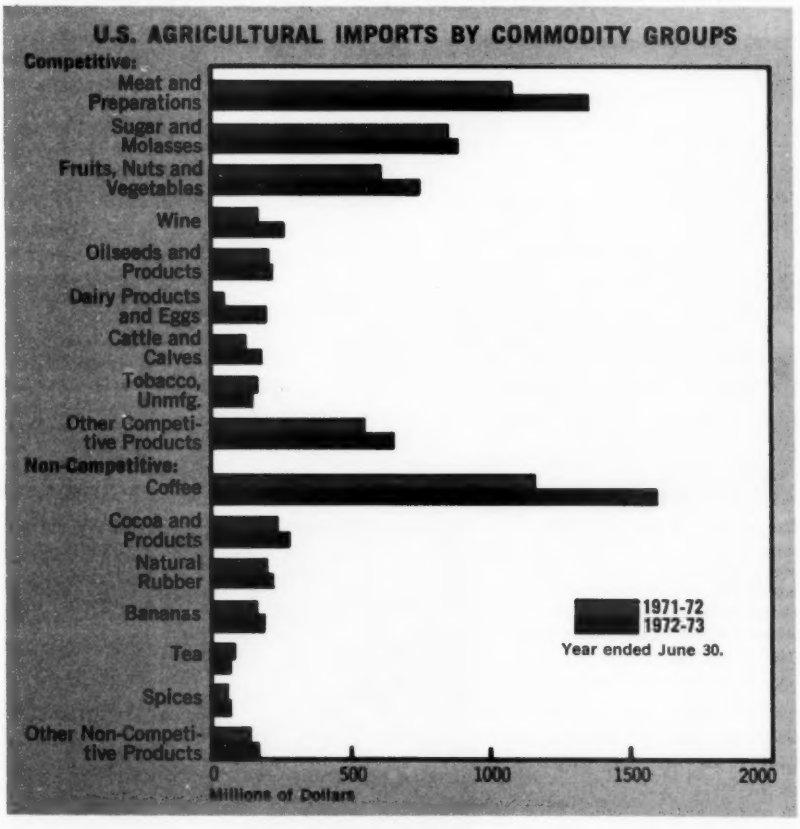
In contrast to most agricultural products, U.S. imports of sugar, tobacco, and cotton declined in 1972-73. Sugar import valume was down to 5.06 million short tons from 5.55 million a year earlier. Value declined $827 million from $832 million. Tobacco import volume including smoking tobacco, dropped slightly to 260 million pounds, duty-paid basis, ($153 million) from 270 million pounds ($159 million). Cotton imports also declined to 38,000 bales ($6 million) from 68,000 bales ($12 million).

Noncompetitive agricultural imports jumped significantly in value for 1972-73 after remaining relatively static for several years. Widespread shortages of many commodities affected by bad weather caused sharp price increases for coffee, cocoa, rubber, carpet wool, and sisal, but the volume of these items changed vely little. However gains in both volume and value were shown for bananas, some spices, and raw silk.

Noncompetitive agricultural imports were valued at $2.6 billion, 25 percent greater than for the preceding year. These largely tropical products accounted for 36 percent of total U.S. agricultural imports, compared with 35 percent a year earlier, since value accelerated faster than for competitive items.

Imports of green coffee exceeded 3 billion pounds, the largest since 1965-66 and value climbed to nearly $1.5 billion, its highest level since 1953-54. Both soluble and roasted or ground coffee imports broke previous records —70 million pounds ($102 million) for soluble and 35 million pounds ($20 million) for roasted or ground products. Cocoa bean imports fell 19 percent in volume to 609 million pounds, but value jumped 12 percent to $191 million. However, cocoa butter entries jumped to 42 million pounds ($29 million) from 38 million ($19 million) in 1971-72. The volume of natural rubber declined slightly to 1.37 billion pounds from 1.41 billion a year earlier, but value rose 13 percent to $229 million.





Swedish Buyers Enthusiastic About Florida Watermelons

By JAMES O. HOWARD
U.S. Agricultural Attaché
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FLORIDA WATERMELONS were introduced to Swedish consumers earlier this year and the meeting proved a propitious one. The 5-week promotion began in mid-May and resulted in the sale of about 280,000 pounds of U.S. melons. But more important, the groundwork has been laid for future melon sales in that country.

The project got its initial start in 1972 when it was decided to promote the sale of U.S. watermelons overseas. In October, Bill Ward, a representative of the National Watermelon Growers and Distributors Association (NWGDA), visited members of the Swedish trade, including executives of a number of the country's largest food stores. Based on their interest, a shipment of Florida watermelons arrived by air a month later and samples were delivered to importers and food chain executives.

In March 1973, these firms were invited to send representatives to a Fresh Produce Seminar in Florida. There they were introduced to the full range of Florida's fruits and vegetables.

By early May 1973, plans had been completed for the first sale of Florida watermelons at a number of retail outlets in Sweden. Carefully selected melons were packed in export boxes and on May 4 the shipment left the United States for Gothenburg, Sweden, aboard a containership.

About a week later they had arrived in Stockholm and a concerted training course was given to hostesses who were to distribute watermelon samples at the several stores involved and to take care of sales.

On the 16th, U.S. watermelons went on sale at Ahlen & Holm's, one of Stockholm's largest department store chains. Acceptance was immediate, and buoyed by the success of the first week's sales, the chain repeated the promotion a weekend later.

The other Swedish stores selling U.S. watermelons—Martin Olsson, a chain of four of Stockholm's most prestigious food stores, Kooperativa Förbundet and ICA, both major Swedish supermarket chains—also rang up good totals.

Every effort was made to encourage customers to buy. Watermelons were attractively displayed in the stores' produce areas and samples were passed out. Some were carved into "boats" holding bite-size pieces of melon, grapes, and pineapple wedges, and other fruits, and served as display centerpieces. To make it easy to purchase less than a whole melon, some of them were sliced end-to-end in fourths, eighths, and 16ths. Florida watermelons are larger than the icebox-size melons, regularly bought by Swedish consumers.

SALES WERE so satisfactory that Robert Zwartkruis, managing director of American Foods, the Swedish firm that imported the melons, called them "one of the pleasant surprises of the season," while Anthony Johansen of Kooperativa Förbundet, remarked the only problem his organization faced was the American watermelons "sold too well."

From the beginning the project was a cooperative effort. Mr. Ward of NGWDA encouraged the trade in Sweden to buy U.S. watermelons, aided Swedish visitors to the Fresh Produce Seminar by answering their questions, and personally selected the melons shipped to Sweden. USDA's Agricultural Research Service devised the packing method that insured the safe arrival of the melons overseas, and assisted in numerous other ways. Foreign Agricultural Service personnel in Washington and the U.S. Agricultural Attaché office in Stockholm "nursed" the plan from its inception.

These joint efforts resulted in the initial sale of seven containers of melons between mid-May and the end of June. The U.S. trade estimates a larger volume could have moved this season if more refrigerated containers had been available.

While this year's sales represent only a small-scale start, Swedish importers estimate they can sell between 60 and 80 containers of melons next season.

The natural "sales pull" of U.S. watermelons was enhanced by displays (above) in Swedish retail outlets and by distribution of samples to prospective buyers by attractive sales clerk-hostesses (right).

CROPS AND MARKETS

FATS, OILS, AND OILSEEDS

EC Controls Exports Of Oilseeds and Meals

The European Community has introduced controls over the export of oilseeds, cakes and meal, and other mixed feed ingredients to cover potential shortages caused by U.S. export licensing measures.

Under the new system, export certificates will be issued, valid for 30 days. All nine Member States must report to the EC Executive Commission twice a month the number of export certificates they have issued.

Sunflowerseed Production To Recover in 1973

Sunflowerseed production is expected to recover in 1973 to 9.9 million tons. This assumes increased output in all regions except for North America and Oceania. More than four-fifths of the indicated increase reflects prospects of some recovery in Soviet output based on indications of some acreage expansion with an assumed average yield.

World sunflowerseed production declined by 4.2 percent in calendar 1972 to 8.9 million metric tons. The Soviet Union, Yugoslavia, and Hungary had lower production than in the previous year. However, Romania, Bulgaria, Australia, and the United States had larger outturns. Sunflower oil output in 1973 is calculated at 2.76 million tons for the four major producer-exporter countries—down 0.19 million tons from 1972.

India's Peanut Meal Exports

Peanut meal exports from India during the first half of calendar 1973 totaled 476,300 metric tons or 9,000 tons above the same period in 1972. Exports through August 31 are expected to reach 600,000 tons—the current export ceiling for calendar 1973. At 600,000 tons, 1973 exports would be roughly 250,000 tons below the 1972 volume, a decline equivalent to 13 million bushels of soybeans.

India's exports of peanut meal by major areas of destination for January-June 1973 (1972 in parentheses) are as follows (in 1,000 metric tons): Japan 135.7 (70.1); USSR 95 (109); Eastern Europe 145.6 (235.3); EC-9 96.7 (35.3); other 3.3 (17.6); total 476.3 (467.3).

World Fishmeal Exports Could Rise in 1974

Fishmeal output from the six major producer-exporter countries is now estimated at only 1.4 million metric tons, compared with 2 million in 1972 and 3.2 million in 1971. This year's estimated decline reflects the expectation that Peru will not resume fishing until March 1974. In 1974 production is tentatively expected to recover to 2.3 million tons. This is based on the assumption that Peru achieves its target catch of 6 million tons.

If fishmeal production does recover somewhat as expected in 1974, exports from the major producer-exporter countries could approximate 2 million tons, compared with 1.1 million this year and 2.4 million in 1972. The expected increase in exports in calendar 1974 is equivalent to the protein fraction of 57 million bushels more soybeans, compared with this year's decline, which is equivalent to 84 million bushels.

Senegal Raises Producer Price for Peanuts

The Government of Senegal announced on August 4 increases in producer prices for basic agricultural crops, including peanuts and peanut oil. The price received by processors for peanut oil was raised from 11.2 U.S. cents per kilo to 12.4 U.S. cents. Edible shelled green peanuts will be priced at 19.4 cents per kilo, compared with 18.4 cents previously. Unshelled edible peanuts of classes A, B, and C will be priced, respectively, at 13.1, 12.1, and 11.2 cents per kilo, compared with the 12.6, 11.6, and 10.7 cents per kilo previously received by producers. The Government indicated that producer prices were being increased to help farmers who have born the brunt of the current drought.

Sudan Bans Exports Of Edible Oils

The Sudanese Government placed a total export ban on all edible oils—peanut, sesame, and cottonseed oil—effective July 29. The ban was deemed necessary to maintain stocks for domestic consumption. It will remain in force until local oilseed harvests indicate an adequate supply of vegetable oils for the coming year.

LIVESTOCK AND MEAT PRODUCTS

Canadian Export Controls On Beef and Pork

The Canadian Minister of Industry, Trade, and Commerce, Alastair Gillespie, announced on August 14 that Canadian beef and pork would be put under export controls for an indefinite period. The Minister said that while the supply of meat in Canada has been adequate, the Government is imposing export controls to insure that supplies will continue to be adequate for Canadian consumers.

The controls will apply to live cattle and hogs and fresh, chilled, and frozen beef and pork. The main objective will be to control Canadian exports of meat which could substantially increase because of distorting effects of U.S. price ceilings on beef. Traditional trade in live animal and meat products will be allowed to continue, provided they do not exceed last year's level.

GRAINS, FEEDS, PULSES, AND SEEDS

USDA Reports Export Sales of Grain, Some Oilseeds, Oils, and Meals

Based on information received by the U.S. Department of Commerce, USDA reports anticipated export sales of grains, certain oilseeds, vegetable oils, and meals as of July 27, 1973.

This information, as reported by U.S. exporters under Export Control Bulletins 84 (a) and 87 will be summarized each week under a cooperative arrangement between the Departments of Agriculture and Commerce.

ANTICIPATED EXPORTS IN INDICATED MARKETING YEAR [1] OF GRAIN, SOME OILSEEDS, OILS, AND MEAL, AS OF JULY 27, 1973
[In thousands of metric tons]

Commodity	1972-73	1973-74	1974-75
Wheat, totals	0	22,204	491
Hard Red Winter	0	16,154	342
Soft Red Winter	0	210	0
Hard Red Spring	0	3,529	148
White	0	1,384	2
Durum	0	840	0
Mixed	0	82	0
Barley, unmilled	0	1,245	0
Rye, unmilled	0	441	0
Oats, unmilled	0	416	0
Corn, except seed, unmilled	6,601	19,264	761
Grain sorghum, unmilled	1,605	3,296	0
Rice	48	379	4
Soybeans	1,182	11,630	180
Soybean cake and meal	1,518	3,633	2
Cottonseed, cottonseed cake, and meal	18	6	0
Soybean oil	64	27	0
Cottonseed oil	31	10	0

[1] Data shown for the 1972-73 marketing year cover the period from July 27, 1973, until the end of the current marketing year. Marketing years for wheat, barley, rye, and oats run from July 1 to June 30; for rice—Aug. 1 to July 31; for corn, grain sorghum, soybean and cottonseed meal, and soybean and cottonseed oil—Oct. 1 to Sept. 30; and for soybeans—Sept. 1 to Aug. 31.

East European Grain Crop May Be Up

A preliminary review of wheat production prospects in Eastern Europe indicates that the 1973 crop should approximate last year's total of 30.5 million tons. Smaller wheat crops in the southern countries of Eastern Europe were at least offset by larger crops in the north, especially in Poland. Wheat imports in 1973-74 could reach 5 million tons, compared to an estimated 4.7 million tons in 1972-73.

Coarse grain production may surpass last year's record crop of 54.8 million tons. For the second consecutive year a large corn crop appears to be developing in the southern countries. Weather last autumn was unusually wet during the corn harvest, thereby reducing the amount of usable grain. If harvesting conditions are better than a year ago, usable grain output could increase significantly.

Feedgrain imports in 1973-74 should be about equal to the estimated 3.2 million tons imported in 1972-73. East European feedgrain exports in 1973-74 are currently estimated at 1 million tons, compared to an estimated 600,000 tons in 1972-73.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Aug. 21	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	5.78	−4	2.21
USSR SKS-14	(1)	(1)	(1)
Australian FAO [2]	(1)	(1)	2.03
U.S. No. 2 Dark Northern Spring:			
14 percent	5.89	−8	1.96
15 percent	(1)	(1)	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	5.68	−25	1.91
No. 3 Hard Amber Durum	(1)	(1)	2.03
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.98	+17	1.51
Argentine Plate corn	4.17	+24	1.74
U.S. No. 2 sorghum	3.73	+17	1.55
Argentine-Granifero sorghum	3.71	+19	1.57
U.S. No. 3 Feed barley	3.44	+5	1.34
Soybeans: [3]			
U.S. No. 2 Yellow	9.76	−89	3.86
EC import levies:			
Wheat [4]	[5] 0	0	1.80
Corn [6]	[5] 0	0	1.17
Sorghum [6]	[5] .05	+5	1.21

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Grain Export & Transportation Trends: Week Ending August 10

Weekly grain inspections for export and grain moving in inland transportation for the week of August 10 and the previous week were:

Item	Week ending Aug. 10	Previous week	Weekly average, July	Weekly average, fourth quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections, for export:				
Wheat	752	637	749	755
Feedgrains	1,023	991	881	738
Soybeans	67	88	91	238
Total	1,842	1,716	1,721	1,731
Inland transportation:				
Barge shipments of grain	(1)	544	625	376
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	35,860	36,264	35,041	30,769

[1] Not available.

EC Grain Import Levies Reduced to Zero

Grain prices on the world market have climbed above European Community (EC) internal grain price levels, which

has led the EC Commission to reduce import levies to zero for wheat and feedgrains over the past 10 days. This is the first time zero levies have applied in the EC since the levy system was implemented in the early 1960's. EC import levies in the past have been as high as 110 percent and 75 percent, respectively, of wheat and corn, c.i.f. values.

Bangladesh and U.S. Sign First P.L. 480 Pact

The U.S. Department of Agriculture has announced the signing in Dacca of a Public Law 480, Title I, agreement with Bangladesh, providing for the sale of $11 million worth of wheat (about 80,000 metric tons) of wheat equivalent in flour. This is the first Title I sales agreement entered into between the two Governments.

The supply period is fiscal 1974. Sales will be made by private U.S. traders on a nondiscriminatory basis.

FRUIT, NUTS, AND VEGETABLES

Asparagus Production Falls in Republic of China

Taiwan's production of white asparagus, which is utilized almost entirely for canning, totaled 106.591 metric tons in 1972, down 16 percent from the output in 1971. The actual 1972 production of canned white asparagus for export of 3 million cases was 22 percent below the earlier year's level.

For 1973, the Taiwan Asparagus Canners Exporters Corporation has set a production target for export of 4.5 million cases. According to the projected sales, 57 percent of the total is earmarked for West Germany. Sales to the United States have been targeted at 250,000 cases.

Production of green asparagus (principally for freezing) was 2,800 metric tons in 1972. Due to typhoon damage and heavy rainfall in the summer, volume fell below earlier expectations. Production for 1973 is estimated at 4,000 tons.

As a result of the export controls agreed to by the asparagus canners in early 1972, the number of canners has decreased from 143 to 103. The reason is that export allocations make it increasingly uneconomical for small canneries to continue operations. An additional export allocation of 3,000 cases is being given each cannery entering a merger.

West German Hop Outlook Improved

Although German industry sources will not be held to a specific forecast, indications are that 1973 yield of hops will be better than last year. Early estimates place 1973 acreage at 48,500 acres, up 8 percent over last year. Harvest of early varieties is expected to begin on August 25, with late varieties following in mid-September. Some trade sources indicate that the 1973 crop may set a postwar record.

Republic of China's Mushroom Output Down

Taiwan's production of mushrooms for the export canning industry in 1972-73 amounted to 61,946 metric tons; total canned mushroom production, 3.4 million standard cases. Fresh production due to unseasonably high winter temperatures was 5 percent below the Government's target.

A 1973-74 production goal of 3.6 million cases has been set by the Government. This would mean a fresh mushroom production target of 64,790 metric tons. Canners have requested that the goal be reduced to 3 million cases. Exports of canned mushrooms in calendar 1972 were 3.4 million standard cases, 15 percent above calendar 1971 exports and an alltime record. According to the Taiwanese trade, problems of botulism and insect contamination in the United States and Canada and oversupply in the European Community lessen the probability of Taiwan's achieving the calendar 1973 target of 3.8 million cases.

TOBACCO

Imperial Tobacco To Reduce Cigarette Tobacco Content

Imperial Tobacco, Britain's largest cigarette manufacturer, has reportedly received approval from the U.K. Price Commission to reduce the tobacco content of its cigarettes without changing prices. The weight reduction is equivalent to a 0.64-percent price increase.

The Price Commission says the move is justified because of increased costs of leaf tobacco, packaging, and labor. Tobacco-content reduction was approved in lieu of price increases because of coinage difficulties involved in making fractional price increases.

In fiscal 1973, the United States shipped 109 million pounds of tobacco worth over $128 million to the United Kingdom, No. 1 U.S. tobacco export market.

New Foreign Agriculture Circulars

- Brazil Castor Situation (FFO-13-73)
- U.S. Trade in Livestock, Meat, and Meat Products in May (FLM-14-73)
- World Lard Production and Trade in 1972 (FLM-15-73)
- Current Status of Cotton and Cotton Product Purchase Authorizations Issued Under Public Law 480 (FC-18-73) and (FC-20-73)
- May Exports of U.S. Cotton Push Cumulative Total over 4 Million Bales (FC-19-73)
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World Coffee Market To Cut Import-Export Controls

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export quota. Agreed upon at the insistence of the consumers, the quota triggered a price decline which did not level off for about a year. Then in February 1972 the producers sought compensation—in the form of an upward adjustment of the selectivity price ranges—for monetary changes during late 1971 and early 1972. This proposal failed to gain the necessary acceptance by consumer members.

Under these growing clouds of discontent, representatives of the four major coffee producing countries—Brazil, Colombia, Ivory Coast, and Angola—met in Geneva in April 1972 and agreed to take unilateral action to raise coffee prices by means of an agreement to maintain exports at the then-prevailing quota level. Membership in the so-called "Geneva Group" subsequently swelled to 22 countries controlling about 90 percent of the world's coffee production.

Opposition to the Geneva Group was strong in most importer countries because Group operations were said to be in violation of the ICA or at least to contravene the spirit of the Agreement. The activities of the Group undoubtedly helped sour the atmosphere for negotiations.

Despite its questionable influence on world coffee prices—and still undetermined ability to enforce its export quotas—the Geneva Group represents a concerted, unilateral producer attempt to regulate the flow of coffee on the world market and thereby maintain a constant level of prices. However, unless producing countries reach agreement to exercise restraint in their production policies in response to the changed situation, new surpluses may pressure the market in a few years.

In the past, uncontrolled and uncoordinated plantings throughout the world have inevitably led to excessive supply and declining prices, once substantial numbers of new trees came into bearing. Several major coffee producing countries have already indicated a policy of increased plantings in response to current high coffee prices. However, it remains to be seen whether those policies will precipitate a return to the phase of oversupply and declining prices, or whether a more rational and coordinated response will prevail among world coffee producers.

Whatever the response, the world coffee market appears to be at a crossroads with so many unknown or questionable factors to be resolved that the future can only be considered uncertain.

Food Production vs. Population

Continued from page 9

sumers of wheat and coarse grains. Trade will continue to flow from the major developed exporters to other developed and developing countries.

China will likely import wheat and export rice. Projections for the USSR and Eastern Europe are difficult because of the unpredictable nature of Government policy, but we beileve that they will be close to self-sufficiency in grains by 1980. Decisions regarding levels of stocks needed, and the amount of animal products to be produced, or a series of years with bad weather could significantly change the trade picture.

In the less-developed countries, wheat consumption will grow about as fast as production, and per capita consumption of wheat and coarse grains will generally increase, but the levels will remain low compared with the rest of the world.

Major exporters of wheat and coarse grains, however, will likely find domestic consumption and exports growing slower than production.

Rice trade is small relative to total consumption of rice in the major rice producing and consuming regions. Trade should remain small, and major increases in rice consumption in Asia will more likely come from larger domestic production.

We should not leave a discussion of world food prospects without some comment on the problem of too-rapid population growth in some countries. Without an eventual reduction in the rate of growth of world population there can be no long-run solutions to the world food problem. While we believe that production can keep up with consumption at least through the next few decades, a look at population trends suggests the sobering thought we may enter a situation where agricultural solutions are not possible. We must put time to good advantage if we are to disprove the Malthusian analysis which gave economists their name as practioners of the dismal science.

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